
FINANCIAL HIGHLIGHTS

The financial highlights below are intended to help you understand the financial performance of each of the Funds for the past five years or, if more recent, since their inception. Certain information reflects financial results for a single Fund share. The total returns represent the total return for an investment in Investor Shares of a Fund, assuming reinvestment of all dividends and distributions.

For all periods through the fiscal year ended October 31, 2006, the financial highlights have been audited by PricewaterhouseCoopers LLP, independent registered public accountant to the Funds. The audited financial statements for the Funds and the related independent registered public accountant's report are contained in the Funds' combined Annual Report and are incorporated by reference into the Funds' SAI. Copies of the Annual Report may be obtained without charge by writing the Funds at P.O. Box 8507, Boston, Massachusetts 02266, or by calling (800) 464-3108. The Funds' Annual Report is also available on the following website: www.schroderfunds.com.

Financial Highlights
Selected Per Share Data and Ratios for a Share Outstanding
Through the Period Ended October 31

	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gains (Losses)	Total From Investment Operations	Dividends From Net Investment Income	Distributions From Net Realized Gain	Distributions from Return of Capital
Emerging Market Equity Fund							
2006(b).....	\$10.00	\$ 0.04	\$ 0.51	\$ 0.55	\$ —	\$ —	\$—
International Alpha Fund							
2006.....	\$ 8.35	\$ 0.12	\$ 2.34	\$ 2.46	\$(0.17)	\$ —	\$—
2005.....	7.08	0.14	1.22	1.36	(0.09)	—	—
2004.....	6.37	0.09	0.75	0.84	(0.13)	—	—
2003.....	5.37	0.10	1.08	1.18	(0.12)	(0.06)	—
2002.....	7.26	0.04	(1.13)	(1.09)	—	(0.80)	—
International Diversified Value Fund							
2006(c).....	\$10.00	\$ 0.04	\$ 0.50	\$ 0.54	\$ —	\$ —	\$—
North American Equity Fund							
2006.....	\$11.15	\$ 0.23	\$ 1.53	\$ 1.76	\$(0.10)	\$(0.18)	\$—
2005(d).....	11.00	0.06	0.63	0.69	(0.05)	(0.49)	—
2005(e).....	10.88	0.22	0.62	0.84	(0.20)	(0.52)	—
2004(e)(f).....	10.00	0.09	0.86	0.95	(0.04)	(0.03)	—
U.S. Opportunities Fund							
2006.....	\$19.66	\$ —(j)	\$ 4.15†	\$ 4.15	\$ —	\$(0.75)	\$—
2005.....	19.58	—(j)	2.11†	2.11	—	(2.03)	—
2004.....	16.18	—(j)	3.40†	3.40	—	—	—
2003.....	12.57	(0.16)	4.11	3.95	—	(0.34)	—
2002.....	15.17	(0.10)	(1.15)	(1.25)	—	(1.35)	—
U.S. Small and Mid Cap Opportunities Fund							
2006(b).....	\$10.00	\$ —(j)	\$ 0.25	\$ 0.25	\$ —	\$ —	\$—
Enhanced Income Fund							
2006.....	\$ 9.96	\$ 0.49	\$(0.03)	\$ 0.46	\$(0.50)	\$ —	\$—
2005(g).....	10.00	0.26	(0.04)	0.22	(0.26)	—	—
Strategic Bond Fund							
2006(h).....	\$10.00	\$ 0.10	\$ 0.03	\$ 0.13	\$(0.08)	\$ —	\$—
Total Return Fixed Income Fund							
2006.....	\$ 9.85	\$ 0.48	\$(0.01)	\$ 0.47	\$(0.49)	\$(0.02)	\$—
2005(g).....	10.00	0.30	(0.15)	0.15	(0.30)	—	—
Municipal Bond Fund							
2006.....	\$ 9.97	\$ 0.40	\$ 0.12	\$ 0.52	\$(0.39)	\$ —	\$—
2005.....	10.12	0.36	(0.15)	0.21	(0.36)	—	—
2004(i).....	10.00	0.24	0.11	0.35	(0.23)	—	—
Short-Term Municipal Bond Fund							
2006.....	\$ 9.92	\$ 0.35	\$ 0.04	\$ 0.39	\$(0.35)	\$ —	\$—
2005.....	9.97	0.29	(0.05)	0.24	(0.29)	—	—
2004(j).....	10.00	0.15	(0.03)	0.12	(0.15)	—	—

* Had custody offsets been included the ratios would have been 1.75%.

** Had custody offsets been included the ratios would have been 1.40%.

*** Had custody offsets been included the ratios would have been 1.15%.

**** Had custody offsets been included the ratios would have been 0.55%.

† Includes redemption fees. Amount less than \$0.01 per share.

(a) Total returns would have been lower had certain Fund expenses not been waived or reimbursed during the periods shown. Total return calculations for a period of less than one year are not annualized.

(b) Commenced operations on March 31, 2006. All ratios for the period have been annualized, except for the Total Return and the Portfolio Turnover Rate.

(c) Commenced operations on August 30, 2006. All ratios for the period have been annualized, except for the Total Return and the Portfolio Turnover Rate.

Total Distributions	Net Asset Value, End of Period	Total Return(a)	Net Assets, End of Period (000)	Ratio of Expenses to Average Net Assets (Including Waivers, Reimbursements and excluding Offsets)	Ratio of Expenses to Average Net Assets (Excluding Waivers, Reimbursements and Offsets)	Ratio of Net Investment Income (Loss) to Average Net Assets (Including Waivers, Reimbursements and Offsets)	Portfolio Turnover Rate
\$ —	\$10.55	5.50%	\$ 12,767	1.87%*	4.88%	0.88%	49%
\$(0.17)	\$10.64	29.86%	\$ 22,962	1.25%	2.45%	1.68%	76%
(0.09)	8.35	19.45	6,545	1.25	3.88	1.85	126
(0.13)	7.08	13.31	5,233	1.25	3.36	1.16	136
(0.18)	6.37	22.66	6,242	1.25	3.27	2.09	50
(0.80)	5.37	(17.20)	6,427	1.14	1.94	0.60	111
\$ —	\$10.54	5.40%	\$ 9,484	1.25%	8.61%	2.30%	7%
\$(0.28)	\$12.63	16.04%	\$1,261,983	0.33%	0.33%	1.66%	51%
(0.54)	11.15	6.35	1,303,276	0.35	0.35	1.39	30
(0.72)	11.00	7.59	883,146	0.33	0.33	1.79	89
(0.07)	10.88	9.56	890,929	0.37	0.37	1.29	54
\$(0.75)	\$23.06	21.67%	\$ 231,009	1.21%	1.21%	(0.11)%	101%
(2.03)	19.66	11.26	140,467	1.13	1.13	(0.29)	107
—	19.58	21.01	73,679	1.62	1.62	(0.83)	144
(0.34)	16.18	32.13	46,783	1.93	2.25	(1.22)	162
(1.35)	12.57	(9.91)	41,857	1.49	1.50	(0.75)	81
\$ —	\$10.25	2.50%	\$ 6,952	1.55%**	6.14%	(0.05)%	46%
\$(0.50)	\$ 9.92	4.68%	\$ 108,435	0.40%	0.72%	4.78%	78%
(0.26)	9.96	2.17	101,106	0.40	0.82	3.08	61
\$(0.08)	\$10.05	1.28%	\$ 19,236	1.23%***	4.67%	3.56%	321%
\$(0.51)	\$ 9.81	4.90%	\$ 21,795	0.40%	2.05%	4.86%	295%
(0.30)	9.85	1.51	9,138	0.40	3.05	3.61	571
\$(0.39)	\$10.10	5.36%	\$ 244,919	0.55%	0.77%	4.06%	15%
(0.36)	9.97	2.14	96,114	0.55	0.93	3.70	27
(0.23)	10.12	3.53	45,781	0.56****	1.41	2.82	46
\$(0.35)	\$ 9.96	3.97%	\$ 187,268	0.55%	0.77%	3.55%	24%
(0.29)	9.92	2.47	131,062	0.55	0.85	3.03	36
(0.15)	9.97	1.26	74,031	0.56****	1.30	1.95	17

- (d) For the six months ended October 31, 2005. The North American Equity Fund's fiscal year end changed from April 30 to October 31. All ratios for the period have been annualized, except for the Total Return and the Portfolio Turnover Rate.
- (e) For the year or period ended April 30.
- (f) Commenced operations on September 17, 2003. All ratios for the period have been annualized, except for the Total Return and the Portfolio Turnover Rate.
- (g) Commenced operations on December 31, 2004. All ratios for the period have been annualized, except for the Total Return and the Portfolio Turnover Rate.
- (h) Commenced operations on June 30, 2006. All ratios for the period have been annualized, except for the Total Return and the Portfolio Turnover Rate.
- (i) Commenced operations on December 1, 2003. All ratios for the period have been annualized, except for the Total Return and the Portfolio Turnover Rate.
- (j) Amount was less than \$0.01 per share.

USA PATRIOT ACT

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means to you: When you open an account directly with a Fund, you will be asked your name, address, date of birth, and other information that will allow you to be identified. You may also be asked for other identifying documentation. If a Trust is unable to verify the information shortly after your account is opened, your account may be closed and your shares redeemed at their net asset values at the time of the redemption.



PRIVACY STATEMENT

In the course of doing business with Schroders and the Schroder Mutual Funds, you share nonpublic personal and financial information ("nonpublic personal information") with us. Schroders respects your right to privacy. We understand that you have entrusted us with this private information and we recognize the importance of protecting unnecessary or unauthorized access to it.

I. Information That We Collect

We may collect nonpublic personal information about you when you communicate or transact business with us or with our service providers in writing, electronically, or by telephone. For example, we collect nonpublic personal information (such as name, address, account and other investment information) about you from the following sources:

- Applications or forms completed by you; and
- Your transactions and account positions with us, our affiliates, or others (including, for example, your own broker or custodian).

II. Information That We Disclose

We do not sell or rent your nonpublic personal information to any third parties.

We may disclose your nonpublic personal information to third parties in the following limited circumstances:

- We may disclose some or all of your nonpublic personal information to companies that help us maintain, process or service your transactions or account(s) or financial products or services effected by or through us, including companies that perform administrative, accounting, transfer agency, custodial, brokerage or proxy solicitation services for us.
- We may disclose some or all of your nonpublic personal information, such as account and transaction data, to companies which assist us in marketing or client servicing. These companies will use this information only for the services for which we hired them, are not permitted to use or share this information for any other purpose and are required to protect the confidentiality and security of this information.
- We may disclose or report some or all of your nonpublic personal information if you request or authorize us to do so, for institutional risk control, or in other circumstances where we believe in good faith that disclosure is required or permitted under law.

III. Our Security Procedures

We maintain physical, electronic, and procedural safeguards that comply with federal standards to protect your nonpublic personal information. Within Schroders, access to such information is limited to those employees who need it to perform their jobs, such as servicing your accounts, resolving problems, or informing you of new products or services. Finally, our Code of Ethics, which applies to all employees, restricts the use of customer information and requires that it be held in strict confidence.

We observe these policies with respect to current and former Schroders customers and shareholders of the Schroder Mutual Funds.

If you identify any inaccuracy in your personal information or you need to make a change to that information, please contact us in writing so that we may promptly update our records.

This Privacy Policy applies to the Schroder Mutual Funds, Schroder Funds Advisors Inc., Schroder Investment Management North America Inc., and Schroder Investment Management North America Limited.

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Schroders

ACCOUNT APPLICATION SCHRODER MUTUAL FUNDS

INVESTOR SHARES

IMPORTANT NOTICE – THE USA PATRIOT ACT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

What this means to you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. This information will be verified to ensure the identity of all individuals opening a mutual fund account.

1. Initial Investment

Total Dollars Invested \$_____.

- Minimum initial investment is \$250,000.
- The Funds do not accept money orders, starter, counter or third-party checks.
- Please make your check payable to the Fund you wish to invest in, or if purchasing shares of multiple Funds, make your check payable to Schroder Mutual Funds.

2. Fund Selection

Please check the Fund in which you wish to invest and amount to invest per Fund.

<u>Fund Name</u>	<u>Amount Invested</u>
<u>Equity Funds</u>	
<input type="checkbox"/> Schroder Emerging Market Equity Fund (1851)	\$ _____
<input type="checkbox"/> Schroder International Alpha Fund (923)	\$ _____
<input type="checkbox"/> Schroder International Diversified Value Fund (1857)	\$ _____
<input type="checkbox"/> Schroder North American Equity Fund (1369)	\$ _____
<input type="checkbox"/> Schroder U.S. Opportunities Fund (926)	\$ _____
<input type="checkbox"/> Schroder U.S. Small and Mid Cap Opportunities Fund (1489)	\$ _____
<u>Taxable Fixed Income Funds</u>	
<input type="checkbox"/> Schroder Enhanced Income Fund (1392)	\$ _____
<input type="checkbox"/> Schroder Strategic Bond Fund (1853)	\$ _____
<input type="checkbox"/> Schroder Total Return Fixed Income Fund (1012)	\$ _____
<u>Tax-Exempt Fixed Income Funds</u>	
<input type="checkbox"/> Schroder Municipal Bond Fund (1016)	\$ _____
<input type="checkbox"/> Schroder Short-Term Municipal Bond Fund (1014)	\$ _____

***Please note that additional information may be requested.
All information contained in this Account Application is subject to verification.***

3. Type of Account (Either Section 3 or Section 5 and either Section 6 or Section 7 must be completed)

Attach separate list for additional registrants including full name, social security number and date of birth. All must sign.

☐ Individual ☐ Joint Registrant

Registrant Last Name _____

Registrant First Name _____ MI _____

Social Security Number _____ Date of Birth (MM-DD-YYYY) _____
(If applied for, provide copy of application for SSN)

Joint Registrant Last Name _____

Joint Registrant First Name _____ MI _____

Social Security Number _____ Date of Birth (MM-DD-YYYY) _____
(If applied for, provide copy of application for SSN)

You **must** check one:

☐ U.S. Citizen ☐ Resident Alien ☐ Nonresident Alien

For foreign accounts, one of the following must be provided: taxpayer identification number, alien identification card number, passport number with country of issuance or a copy of a government-issued identification document bearing your photograph.

Country of Issuance _____

Passport or Alien # _____

4. Uniform Gift or Transfer to Minors

Adult Custodian Last Name _____ Suffix _____

Adult Custodian First Name _____ MI _____

Social Security Number _____ Date of Birth (MM-DD-YYYY) _____
(If applied for, provide copy of application for SSN)

Minor Last Name _____ Suffix _____

Minor First Name _____ MI _____

Social Security Number _____ Date of Birth (MM-DD-YYYY) _____
(If applied for, provide copy of application for SSN)

Under the Uniform Gift / Transfer to Minors Act of (minor's state of residence): _____

5. Corporation or Trust (Complete Section 6 or 7)

Please check one: (Foreign Banks and Foreign Intermediaries, please see information below):

- ☐ Corporation (A copy of the certified articles of incorporation and business license of the corporation must be attached)
- ☐ Trust (A copy of the trust agreement must be attached)
- ☐ Partnership (A copy of the partnership agreement must be attached)
- ☐ Other _____
- ☐ SSN: _____ OR Tax ID #: _____

If applied for, please provide copy of application for SSN or TIN

Check if exempt from verification due to:

- ☐ Financial Institution regulated by federal functional regulator
- ☐ Bank regulated by a state bank regulator
- ☐ Publicly traded corporation. Symbol: _____
- ☐ Retirement plan covered by ERISA

Name of Corporation or Trust _____

Trustee Last Name (if Trust) _____

Trustee First Name (if Trust) _____ MI: _____

Trustee Date of Birth (mm-dd-yyyy) _____ SSN: _____

Date of Trust Agreement (if Trust) (mm-dd-yyyy) _____

Authorized Trader Last Name* _____ Suffix _____

Authorized Trader First Name _____ MI: _____

Authorized Trader Date of Birth (mm-dd-yyyy) _____ Trader SSN _____

* – Attach separate list for additional Authorized Traders including full name, social security number and date of birth.

Foreign Banks and Foreign Intermediaries

Foreign Banks and Foreign Intermediaries need to provide further information to validate the account establishment and to comply with the US Patriot Act, Section 312. Upon receipt of this Account Application, we will send a questionnaire to the address of record.

Please check one:

- ☐ Foreign Bank
- ☐ Foreign Financial Bank/Institution acting as an Intermediary
- ☐ Foreign Private Banking Account

6. Address

Registrant Mailing Address (APO and FPO addresses will be accepted)

Address* _____
City _____ State _____ Zip _____
E-mail address _____
Daytime Phone _____ - _____ - _____
Street Address
(if different) _____
City _____ State _____ Zip _____

Joint Registrant Street Address (Required if different than Registrant Address above)

Address* _____
City _____ State _____ Zip _____

* – If mailing address is a Post Office box, a street address is also required by the USA Patriot Act.

7. Broker/Dealer Information (To be completed by broker or dealer)

Registered Rep. Last Name _____
Registered Rep. First Name _____
Broker / Name _____
Branch Address _____
City _____ State _____ Zip _____
Rep. # _____ Phone _____
Broker Branch # _____

8. Bank Account of Record

Banking information will be taken from your purchase check unless a blank check or deposit slip is attached. (Check must be preprinted; starter or counter checks will not be accepted.)

☐ Checking

☐ Savings

PLEASE ATTACH YOUR VOIDED BANK CHECK OR SAVINGS DEPOSIT SLIP HERE.

Your Name		123
123 Main Street		
Anytown, NY 10000		
		_____, 200__
PAY TO THE ORDER _____		\$ _____
		_____ Dollars
Your Bank Name		
Address		
:123456789: ABA / Check Routing Number	:	:000123456789: Account Number
		:123: Check Number

Bank details:

Bank Name and Address: _____

ABA Check Routing Number _____ Account Number _____

Bank Account Name _____

9. Dividend & Capital Gain Distributions

(All distributions will be automatically reinvested if no box is marked.)

	<u>Reinvested</u>	<u>Cash*</u>
Dividends:	<input type="checkbox"/>	<input type="checkbox"/>
Capital Gains:	<input type="checkbox"/>	<input type="checkbox"/>

* If cash: ☐ By check to address on application ☐ By ACH to the bank in **Section 8**

10. Telephone Exchange Privilege and / or Telephone Redemption Privilege

Unless indicated below, I authorize the applicable Funds(s) and its/their agents to accept instructions from (i) me or (ii) any person purporting to be me or to act as my representative and who can provide the Fund(s) with my account registration, to exchange or redeem shares in my account(s) by telephone, in accordance with the procedures and conditions set forth in the current Prospectus. The telephone exchange privilege may only be exercised to exchange shares worth \$1,000 or more. Telephone redemptions will be sent only to me at an address on record with the Fund(s) for at least 30 days. Unless otherwise agreed to by the Fund(s), the telephone redemption privilege may only be exercised to redeem shares worth no more than \$50,000. I understand and agree that neither the Funds(s) nor any person acting on its/their behalf will have any liability to me or anyone else in respect of telephone instructions meeting the description set forth here but not made or authorized by me.

☐ **I DO NOT** want the Telephone Exchange Privilege

☐ **I DO NOT** want the Telephone Redemption Privilege

Redemptions by telephone will be sent by check via U.S. Mail to the address of record, or sent to the bank of record, if Section 8 is completed with bank instructions. Redemptions of shares may be subject to redemption fees as set forth in the Prospectus.

11. Systematic InvestmentAuthorization Form

Invest automatically the amount of \$_____ in the _____ Fund on or about the 15th day of each month. Purchases will be made monthly unless you wish to elect quarterly by checking here _____ in which event the amount specified will be invested automatically on or about the 15th day of the first month in each quarter. Funds will be drawn from the bank account you designate in Section 8. Your first automatic monthly investment will occur no sooner than two weeks after the receipt of your application. The minimum amount per month or quarter required for systematic investment is \$100.

12. Mailing Instructions

Please send this application with your check to

Regular Mail

Schroder Mutual Funds
P.O. Box 8507
Boston, MA 02266

Overnight or Express Mail

Boston Financial Data Services, Inc.
30 Dan Road
Canton, MA 02021
Attn: Schroder Mutual Funds

13. Wiring Instructions

If making your initial investment by bank wire, please call BFDS at (800) 464-3108 (from outside the United States: (617) 483-5000) to obtain an account number. Then instruct your bank to wire Federal Funds to:

State Street Bank and Trust Company
225 Franklin Street
Boston, MA 02110
ABA: 011000028
Attn: Schroder Mutual Funds
DDA: 9904-650-0

FBO: [Account Registration]
A/C: Mutual Fund Account Number
Name of Fund

Complete the account application and mail it to the address listed in Section 12, above.

14. Investor Signatures

By execution of this application, the investor represents and warrants that (i) he has the full right, power and authority to make the investment applied for and (ii) he is a natural person of legal age in his state of residence and that all information on this application is true and correct. The investor certifies that the Taxpayer Identification Number and tax status set forth in this application are correct. The person or persons, if any, signing on behalf of the investor represent and warrant that they are duly authorized to sign this application and purchase or redeem shares of the Fund on behalf of the investor. Each person named in the registration must sign below.

I have read the Prospectus and this application and agree to all their terms. I also agree that any shares purchased now or later are and will be subject to the terms of the Fund's Prospectus as in effect from time-to-time.

If I am a U.S. citizen, resident alien, or a representative of a U.S. entity, I certify, under penalty or perjury, that:

(1) The social security or employer identification number show on this form is my correct Taxpayer Identification Number,

(2) I am not subject to backup withholding because:

I am exempt from backup withholding OR

I have not been notified that I am subject to backup withholding as a failure to report all interest and dividends OR,

The Internal Revenue Services has notified me that I am no longer subject to backup withholding. (Strike out this item (2) if you have been notified that you are subject to backup withholding.)

(3) I am a U.S. person (including a U.S. resident alien)

If I am a nonresident alien, I understand that I am required to complete the appropriate Form W-8 to certify my foreign status. I understand that, if I am a nonresident alien, I am not under penalty of perjury for certifying to the above information.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Signature of Investor (Joint accounts require both signatures.)

Signature of Individual, Custodian or Trustee	Title	Date

Signature of Joint Registrant, if any	Title	Date

Please retain a copy of the completed Account Application for your records.

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INVESTMENT MANAGER

Schroder Investment Management North America Inc.
875 Third Avenue
New York, New York 10022

INVESTMENT SUB-ADVISER

SCHRODER EMERGING MARKET EQUITY FUND, SCHRODER INTERNATIONAL ALPHA FUND,
SCHRODER INTERNATIONAL DIVERSIFIED VALUE FUND, SCHRODER NORTH AMERICAN
EQUITY FUND, AND SCHRODER STRATEGIC BOND FUND
Schroder Investment Management North America Limited
31 Gresham Street
London EC2V 7QA

ADMINISTRATOR

SCHRODER EMERGING MARKET EQUITY FUND, SCHRODER INTERNATIONAL
DIVERSIFIED VALUE FUND, SCHRODER U.S. SMALL AND MID CAP OPPORTUNITIES FUND,
SCHRODER ENHANCED INCOME FUND, SCHRODER STRATEGIC BOND FUND,
SCHRODER TOTAL RETURN FIXED INCOME FUND, SCHRODER MUNICIPAL BOND FUND,
AND SCHRODER SHORT-TERM MUNICIPAL BOND FUND
SEI Investments Global Funds Services
1 Freedom Valley Drive
Oaks, Pennsylvania 19456

ADMINISTRATOR

SCHRODER NORTH AMERICAN EQUITY FUND
Schroder Fund Advisors, Inc.
875 Third Avenue
New York, New York 10022

SUB-ADMINISTRATOR

SCHRODER INTERNATIONAL ALPHA FUND, SCHRODER NORTH AMERICAN EQUITY FUND,
AND SCHRODER U.S. OPPORTUNITIES FUND
SEI Investments Global Funds Services
1 Freedom Valley Drive
Oaks, Pennsylvania 19456

CUSTODIAN

J.P. Morgan Chase Bank
270 Park Avenue
New York, New York 10017

DISTRIBUTOR

Schroder Fund Advisors Inc.
875 Third Avenue
New York, New York 10022

TRANSFER AND DIVIDEND DISBURSING AGENT

Boston Financial Data Services, Inc.
Two Heritage Drive
North Quincy, Massachusetts 02171

COUNSEL

Ropes & Gray LLP
One International Place
Boston, Massachusetts 02110

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
Two Commerce Square
Suite 1700
2001 Market Street
Philadelphia, Pennsylvania 19103

SCHRODER CAPITAL FUNDS (DELAWARE)

Schroder International Alpha Fund

Schroder U.S. Opportunities Fund

SCHRODER SERIES TRUST

Schroder Emerging Market Equity Fund

Schroder International Diversified Value Fund

Schroder U.S. Small and Mid Cap Opportunities Fund

Schroder Enhanced Income Fund

Schroder Strategic Bond Fund

Schroder Total Return Fixed Income Fund

Schroder Municipal Bond Fund

Schroder Short-Term Municipal Bond Fund

SCHRODER GLOBAL SERIES TRUST

Schroder North American Equity Fund

The Funds have a Statement of Additional Information ("SAI") and annual report to shareholders which contain additional information about the Funds. In the Funds' annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during their last fiscal year. The SAI and the financial statements included in the Funds' most recent annual reports to shareholders are incorporated by reference into this Prospectus, which means they are part of this Prospectus for legal purposes. You may get free copies of these materials, request other information about the Funds, or make shareholder inquiries by calling (800) 464-3108. From outside the United States, please call (617) 483-5000 and ask to speak with a representative of the Schroder Mutual Funds. The Funds' SAI and annual report are also available on the following website: www.schroderfunds.com.

You may review and copy information about each Fund, including its SAI, at the Securities and Exchange Commission's public reference room in Washington, D.C. You may call the Commission at 1-800-SEC-0330 for information about the operation of the public reference room. You may also access reports and other information about each Fund on the Commission's Internet site at www.sec.gov. You may get copies of this information, with payment of a duplication fee, by electronic request to the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section of the Commission, Washington, D.C. 20549-0102. You may need to refer to the Trusts' file number under the Investment Company Act, which are: Schroder Capital Funds (Delaware): 811-1911; Schroder Series Trust: 811-7840; and Schroder Global Series Trust: 811-21364.

SCHRODER CAPITAL FUNDS (DELAWARE)

SCHRODER SERIES TRUST

SCHRODER GLOBAL SERIES TRUST

875 Third Avenue

New York, New York 10022

(800) 464-3108

File No. 811-1911 – Schroder Capital Funds (Delaware)

File No. 811-7840 – Schroder Series Trust

File No. 811-21364 – Schroder Global Series Trust

TAB 4

At Schroders, asset management is our only business. Our goals are completely aligned with our clients' – the creation of long-term value.

We manage £128.5 billion on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income and alternatives.

We employ more than 2,600 talented people worldwide operating from 35 offices in 26 different countries across Europe, the Americas and Asia Pacific, close to the markets in which we invest and close to our clients.

Schroders has developed under stable ownership for over 200 years and long-term thinking governs our approach to investing, building client relationships and growing our business.

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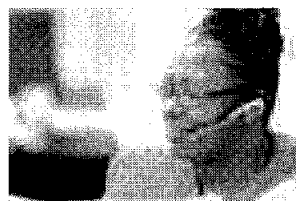
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Profit before tax

2005: £250.7m, £230.3m underlying†

£290.0m**Private Equity profit before tax**

2005: £40.3m

£34.6m**Asset Management profit before tax**

2005: £193.9m, £173.8m underlying†

£219.0m**Funds under management**

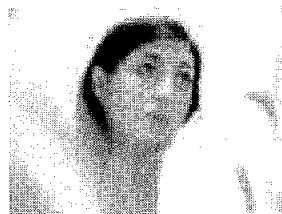
31 December 2005: £122.5bn

£128.5bn**Private Banking profit before tax**

2005: £6.3m, £6.0m underlying†

£26.9m**Total dividend per share**

2005: 21.5 pence

25.0 pence

† The term 'underlying' denotes that the relevant 2005 comparative has been adjusted to remove the impact of the one-off gain recorded in 2005 on the discontinuation of a project to outsource the UK custody and portfolio accounting services. The effect of this adjustment is to reduce profit before tax in 2005 by £20.4 million (split between £20.1 million in the Asset Management segment and £0.3 million in Private Banking).

Chairman and Chief Executive's statement

We expected 2006 to be a year of consolidation after four years of rapid growth in profit and with a programme of investment underway to position the firm for longer-term growth. It is very pleasing therefore to report another year of significantly higher profit, a further increase in gross margins as we pursue our strategy of focusing on higher margin business, a major step forward in Private Banking and two acquisitions which extend our offering in alternative investment areas.

Group profit before tax at £290.0 million (2005: £250.7 million) was up 16 per cent., with underlying profit up 26 per cent. excluding the one-off payment received in 2005 for the termination of an outsourcing contract.

Underlying Asset Management profit was up 26 per cent. to £219.0 million and underlying Private Banking profit increased more than four times to £26.9 million. Private Equity profit was £34.6 million (2005: £40.3 million). Funds under management ended the year up 5 per cent. at £128.5 billion (2005: £122.5 billion).

Asset Management

Revenues and profit increased in Asset Management as we concentrate on higher margin products and sales channels. New business won in Institutional came in on average fees which were 31 per cent. higher than the fees charged on business lost, and we returned to growth in the higher margin Retail channel with £3.8 billion of net sales. Asset Management gross profit margins moved up to 55 basis points (2005: 51 basis points).

We had a very successful year in our Retail business with a resumption of significant net inflows after the hiatus of 2005. In European equities, strong performance across a range of products and a strengthened investment team resulted in net inflows of £2.0 billion. In the UK, Retail had a record year with net inflows of £1.4 billion including sub-advisory business, and our market share of net fund flows from the independent intermediary sector was 5 per cent., up sharply on 2005. We also had net inflows in Retail in continental Europe and Asia Pacific and in our first year in the intermediary business in the US. Funds under management in Retail ended the year at £42.5 billion (2005: £36.0 billion).

Net outflows in Institutional were £8.0 billion and included UK balanced mandates where the industry continues to restructure. At the same time we are seeing good flows into 'new balanced', our diversified growth offering for institutional clients which encompasses alternatives as well as traditional asset classes and third party as well as Schroders products. The largest institutional outflows were in Japanese equities on the back of recent weak returns after a long track record of outperformance. We have taken steps to address these performance issues but in the short term we expect to see further outflows. By contrast, we had net institutional inflows into European equities of £1.1 billion. Funds under management in Institutional ended the year at £77.4 billion (2005: £78.7 billion).

Non-UK clients now account for 56 per cent. of our assets under management, up from 43 per cent. five years ago, and we see further excellent growth opportunities in our international business. We have a highly profitable and rapidly expanding business in Latin America with assets under management

of £2.1 billion. We have one of the fastest growing joint venture fund management companies in China with our partner, Bank of Communications, which has seen significant net inflows not included in our net new business flows because of our minority (30 per cent.) position. In 2007, we plan to open offices in Dubai to serve our expanding base of Middle Eastern clients, and in India to access the rapidly growing funds market.

NewFinance Capital (NFC), the funds of hedge funds business we acquired in May 2006, has made good progress. We merged our existing funds of hedge funds business into NFC, assets under management now total £1.9 billion, investment performance has been strong and we are seeing a good pipeline of new business opportunities.

At the end of 2006 we announced the acquisition of Aareal Asset Management, a continental European property business with €1.9 billion under management for institutional clients, which was successfully completed at the end of February this year. At a time when institutional clients are seeking to broaden their exposure in Europe, this opportunity represents a good strategic fit with our existing Property business which has £8.2 billion under management, predominantly in the UK.

Private Banking

We saw a major advance in the contribution from our Private Banking business in 2006. With revenues up 33 per cent. to £98.5 million and costs only marginally higher than in 2005, underlying profit increased sharply to £26.9 million (2005: £6.0 million). Revenue growth came from good increases in investment management revenues in London and Switzerland and significantly higher

Michael Miles, Chairman
Michael Dobson, Chief Executive



banking fees in London. We are on target with the planned move of our back office operations to Zurich, which will lead to important improvements in both client service and cost effectiveness from the second half of 2007.

Private Banking now accounts for nearly 10 per cent. of total profit, a significant increase on recent years as a result of a distinctive offering for private clients drawing on Schroders' wide ranging investment expertise and banking skills, a clear focus on the UK and continental Europe from our principal private banking offices in London, Guernsey, Geneva and Zurich, and tight control of costs. We expect the share of total profit generated by Private Banking to increase. Net new business in 2006 amounted to £0.4 billion and funds under management ended the year at £8.6 billion (2005: £7.8 billion).

Group

In 2006 we achieved total returns of £107.6 million (2005: £86.8 million) on our investment capital which totalled £789.0 million at the year end, an average return of 14 per cent. (2005: 11 per cent.). Within these returns, £75.7 million was reflected in realised profits while the unrealised balance of £31.9 million was added to shareholders' equity, to be taken to profit as it is realised in future years (2005: £84.8 million realised and £2.0 million unrealised).

Investment capital is deployed in a variety of forms. At year end, £145.6 million was held in Schroder investment products, as part of our active programme of seeding new funds and strategies before taking them to market, and £120.7 million was invested in a diversified, low volatility portfolio of hedge funds, managed by NewFinance Capital.

The majority of the balance was invested in private equity (£168.2 million) and liquid assets (£311.8 million).

We continue to believe that maintaining a strong financial position is a key competitive advantage and enables us to take a long-term view in building our business.

Dividend

In the light of the underlying growth in profit in 2006, the Board is recommending an increased final dividend of 17.5 pence per share payable on 27 April 2007 to shareholders on the register at 16 March 2007. This brings the total dividend for the year to 25.0 pence per share (2005: 21.5 pence per share).

The Board's policy is to increase the dividend progressively, in line with growth in profit.

Outlook

We have now achieved five years of significant annual increases in profit to a level not seen since the sale of the investment banking business.

Schroders is well placed for further growth, with a broadly diversified business by asset class, by region and by client type. However, we still need to improve in certain areas and we will continue to focus on these and invest for the future, most particularly in adding to our talented group of people in what is a highly competitive marketplace, and in continuing to upgrade our information technology and operations infrastructure.

Long term we see significant further opportunities to grow organically in institutional, retail and high net worth channels, supplemented by complementary acquisitions which strengthen our business.

Schroders

**Chairman and Chief
Executive's statement**

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Our objective is to be a pre-eminent provider of active asset management services to institutional and retail clients worldwide and in doing so reward our shareholders by growing returns on a sustainable basis over the long term.

We believe we are strongly placed to meet this objective.



In 2006, we generated
net inflows into European
equity strategies of

£3.3bn



Schroders is a leading global, independent asset management company, with over two hundred years of experience in the world's financial markets.

We serve institutional, retail and high net worth clients with a broad range of investment products.

Our business proposition is underpinned by some key beliefs:

That the interplay between market economics and long-term trends in demographics, investments and savings offers interesting opportunities and exciting growth prospects for the asset management industry;

That our research-based approach allows us to identify and exploit inefficiencies inherent in the marketplace, using a disciplined investment process to add value to client assets;

That our exclusive focus on asset management minimises conflicts of interest and aligns our objectives with our clients' objectives.

Schroders' role is to help clients with their savings

Savings have a critical role in the global economy, both as a store of wealth and as a source of financial capital for industry and commerce. Savings are controlled both by institutions (governments, charitable bodies, commercial organisations) and by private individuals and are accumulated to meet a variety of different needs. The majority of these savings are temporary in nature and are held in the form of bank accounts and

short-term deposits. Longer-term savings are generally held in equities, fixed income and 'alternative' investments. While we do manage short-term savings for our clients, Schroders' principal role is to enable savers to meet their investment goals on longer-term savings.

We operate across a number of different client segments

Our core skills in devising, producing and delivering products for clients across the full range of asset management activities allow us to meet the needs of a broad spectrum of clients.

We group these clients into three main categories reflecting the current structure of the savings industry:

Institutional – where we manage assets, in pooled or segregated form, on behalf of large corporate, local authority, central government and charitable entities, including both defined benefit and defined contribution pension funds. Schroders has a long history in this market with Institutional funds under management accounting for more than 60 per cent. of our total funds under management.

Retail – where we manage assets on behalf of individuals via mutual funds and investment trusts, delivered in a variety of user-friendly forms. This business has become increasingly important in recent years and accounts for 33 per cent. of total funds under management. It uses similar investment disciplines to our institutional business, with a greater emphasis on short-term performance and products with higher risk/reward characteristics. We have developed strong relationships with financial intermediaries, from local banks and financial

Our share of the UK retail market increased with record gross sales of

£4.5bn



intermediaries to global banks and insurance companies, through which we distribute a range of Schroder branded or sub-advised mutual funds around the globe.

Private Banking – where we manage assets on behalf of high net worth individuals and family offices. We provide a full range of products including deposit-taking, cash management, custody and execution services, advisory and discretionary asset management and specialised lending. Our private bankers use input from our economics and investment strategy teams, and use both proprietary Schroder investment products and external funds in structuring our clients' portfolios.

We serve our clients in different ways but there are aspects of our service that are common to all

Clients come to us as a trusted manager and because we offer the essential service that they are looking for. At its most basic, that means the right service at a competitive price and with competitive performance. In a highly competitive industry where clients have many choices, we must exceed these basic requirements and go further. We have to excel in client service and we have to offer a partnership of real value to the client over and above the immediate product we are providing.

Institutional clients will often come to us through their own advisor or consultant. The assignments we are given are typically highly specific and dovetail with their other investments in a range of asset classes and with the other managers they employ. We are judged in relation to performance against client objectives and the quality of the client service and advice we provide.

In our Retail channel we work very closely with banks, insurance companies or independent financial advisors. These intermediaries advise the ultimate client on meeting their financial goals; we support them by providing the information they need to judge the suitability of our products.

In Private Banking we advise wealthy individuals directly. Our high net worth clients are looking to maintain or grow their assets after taking into account inflation, taxes, fees and other charges. We work with them in realising their goals using the full range of Schroder capabilities combined with third-party products.

We provide our clients with the flexibility to invest across a wide range of products, including:

A range of Equity products covering most regions, industry sectors, investment styles

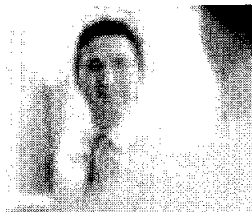
and risk/reward characteristics. Our approach is research-based using an extensive group of analysts located around the world in the markets in which we invest, combined with state of the art computerised quantitative research, modelling and risk management.

Fixed Income securities in all major currencies including sovereign debt, high-grade corporate bonds, high-yield instruments and emerging market debt. Today's fixed income markets demand a deep knowledge of credit markets. We have built a global credit team located on the ground in Asia, Europe and America to support our fixed income fund managers.

Alternative asset classes such as property, commodities, private equity and hedge funds. These asset classes and the trading strategies associated with them are increasing in popularity with our clients. Their attraction is based on the opportunities that they offer to provide new, uncorrelated sources of returns for portfolio diversification purposes and the prospect of generating superior risk adjusted returns.

The breadth of our product range is designed to accommodate for a wide range of investor needs and risk appetites. Our product range extends from benchmark products with limited risk, designed to deliver returns

Our new balanced fund, Diversified Growth, has won on average one new institutional client a week since launch.



moderately in excess of standard market indices to 'high alpha' products designed to exceed benchmarks by a greater margin but with higher associated risk. We also provide unconstrained products designed to deliver returns independent of benchmarks and absolute return products that focus on wealth protection as well as growth.

We operate on a global scale

Operating in 26 countries, through 35 offices, gives us a wide geographic coverage. This allows us to access clients in the traditional areas of the UK, Europe, US and Japan where the demand for asset management services is long established, and the fast-growing savings pools in the emerging and more recently developed economies in the Middle East, Asia Pacific and Latin America.

To meet the challenge of successfully delivering across a diverse range of clients, products and geographies, we are organised as:

Investment – where we manufacture products to meet client needs.

All investment activities are managed within a single division with a clear objective of delivering performance which meets or exceeds client objectives. This area contains all our portfolio management, research and

dealing activities. It plays a key role in product design, concentrating particularly on the risk/reward features of each product and is responsible for delivering reliable and sustainable investment performance, reflecting specific investment objectives.

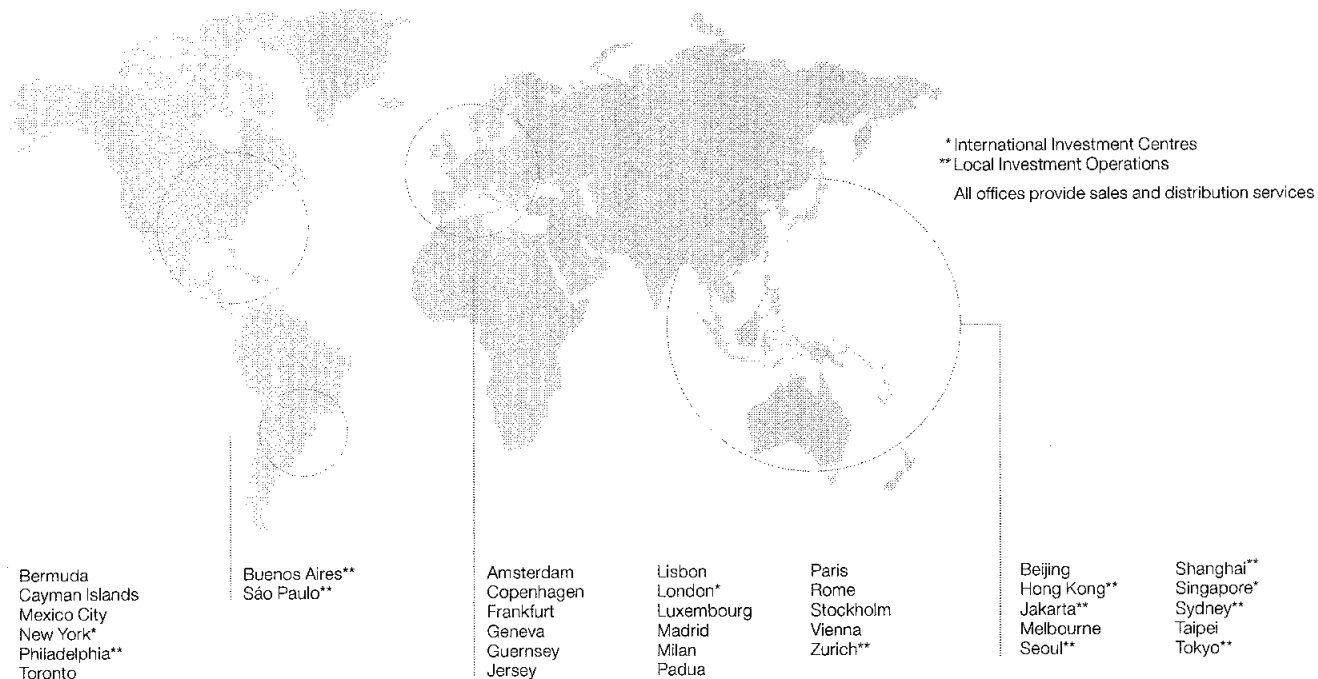
Distribution – which is responsible for delivering products to institutional and retail clients.

We look to build successful, long-term relationships with clients across a wide spread of locations and markets by understanding their investment requirements and ensuring that we provide suitable investment solutions. This process is supported by sales and client service teams who deliver across the full range of strategies, market segments, distribution channels, products and geographies.

Private Banking – where we provide services to wealthy individuals and families. Private Banking comprises dedicated relationship management and investment functions, whilst our Private Banking Service Centre provides the integrated infrastructure resources to support this business.

Schroders
Business review

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In addition to these parts of the business, we have two further groupings.

Infrastructure – which is responsible for the operational platform and ensures quality assurance, control and efficiency. This area provides and maintains the operating platform and services necessary to deliver our products to clients whilst ensuring that we meet the high standards of quality assurance and control expected by our clients, shareholders and other external stakeholders such as regulatory bodies. Its responsibilities range from Operations, Information Technology, Human Resources and Facilities to Finance, Tax, Legal, Risk and Compliance. In addition, it manages all of the Group's major projects and outsourcing arrangements.

Private Equity – where we concentrate our interests in the specialist private equity asset class.

This division delivers private equity fund of funds solutions to our clients, as well as maintaining an investment portfolio in the Group's current and legacy private equity products. We also use our experience in this area as a basis for offering administrative services to third-party private equity funds.

Market performance in 2006

2006 saw our operating environment affected by a number of economic and market factors

As an asset manager with a majority of our assets under management being held in equities, our business has a high degree of sensitivity to growth levels in the global economy and the associated movements in the world's equity markets.

In 2006 equities strongly outperformed fixed income, with the major world stock market indices seeing rises across the year in local currency terms. This produced positive investment returns for our clients.

This positive market performance had a number of key drivers, including:

- Prices within equity markets in 2006 reflecting a widely held view that neither the US nor world economies would fall into recession in 2007. This view was underpinned by expectations for 2007 that inflation would stabilise around current levels, US interest rates would not rise dramatically (thereby maintaining US consumer spending levels) and that oil prices would fall from the peaks seen in 2006;
- The ongoing strength of corporate earnings growth: operating earnings in Standard & Poors 500 companies were 21 per cent. higher for Q3 2006 compared to Q3 2005;
- Company liquidity remained strong with companies using the strength of their balance sheets to make acquisitions or return cash to shareholders.

The table below shows the movement in a number of recognised stock market indices over 2006*:

Local Stock markets

FTSE 100	10.7% increase
S&P 500	13.6% increase
Nikkei 225	6.9% increase

Broad Market Indices

MSCI World	13.5% increase
MSCI Europe ex UK	18.9% increase
MSCI Pacific	9.6% increase

Meanwhile, Alternatives fared well after a shaky second quarter, while Fixed Income markets were subdued.

The following tables show the movement in a number of benchmarks for a number of these other asset classes*:

Fixed Income Bonds:

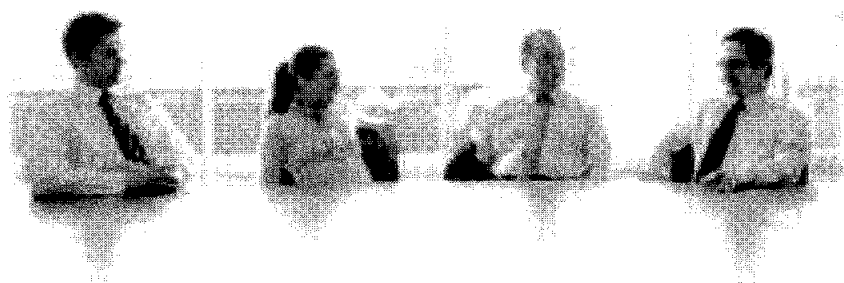
10 year benchmark clean prices

UK Gilts	5.6% decrease
US Treasuries	3.6% decrease
Japan Treasuries	1.1% decrease

Alternatives

UK Property Index, Capital Growth	12.4% increase
Credit Suisse/ Tremont Hedge Fund Index	13.4% increase

* 31/12/06 close vs 31/12/05 close; in local currency terms.



Our Multi Manager Cautious Portfolio has been best in class since launch in 2005.

Looking forwards into 2007 we continue to expect slower growth in the US and world economies without entering into recession. The effect of this, plus some reduction in interest rates by the US Federal Reserve, should be positive for equity markets, even allowing for a slowdown in the rate of corporate earnings growth. The main threat to this viewpoint would be a slowdown in US consumption driven by reducing growth levels or falling house prices.

Our financial performance was strong in 2006

Income and margins

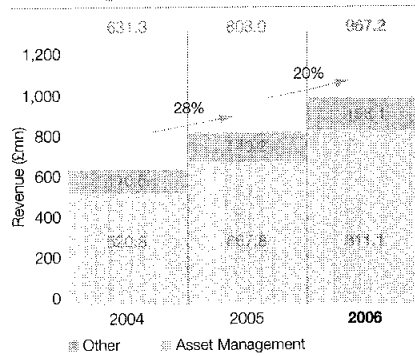
Overall income performance in 2006 saw a 20 per cent. growth in revenues and an 18 per cent. growth in gross profit compared to 2005.

Revenues in Asset Management increased by 21 per cent., with growth in both Institutional (19 per cent.) and Retail (23 per cent.). This was driven by a combination of market growth, growth in our retail business, higher margins and increases in performance fees earned.

Private Banking revenues increased by 33 per cent. against 2005. This increase was across both the banking and asset management areas of Private Banking.

Revenue from Private Equity decreased by 23 per cent. in the year. Our revenue potential in this area remains strong with a net increase of £42.8 million in unrealised gains recognised in reserves in 2006, including £10 million in relation to our investment in SVG Capital.

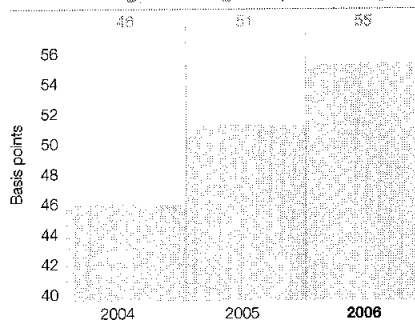
Revenue growth



Gross profit margins on average funds under management have continued to grow. In 2006 they were 59bp (2005: 54bp) for Asset Management and Private Banking combined.

Gross profit margins for Asset Management were 55bp, an increase of 4bp from 2005.

Asset management ~ gross profit margins



In a turbulent market we achieved strong performance and low volatility in our new Commodity fund.

